

HOUSE BILL No. 1385

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-3-24; IC 4-12-1-9.

Synopsis: Use of federal funds. Requires each state agency to report to the office of state based initiatives and the budget agency on the use of any federal funds and to adopt a contingency plan to address the impact on programs if federal funding were reduced or eliminated. Provides that the office of state based initiatives shall compile a comprehensive report covering all state agencies.

Effective: July 1, 2016.

Koch

January 13, 2016, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1385

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-3-24-0.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2016]: **Sec. 0.5. As used in this chapter, "federal funding" or**
4 **"federal funds" means any financial assistance provided by the**
5 **federal government, including any federal agency, regardless of**
6 **whether the assistance is received in the form of a contract, a grant**
7 **subsidy, an augmentation, or a reimbursement, or in any other**
8 **form.**
9 SECTION 2. IC 4-3-24-4, AS ADDED BY P.L.213-2015,
10 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2016]: Sec. 4. In coordination with state agencies, the office
12 shall **do the following:**
13 (1) Review the state's federal **grant funding** opportunities. ~~and~~
14 (2) Subject each federal **grant funding** opportunity to a
15 cost-benefit analysis that will measure the fiscal impact and
16 regulatory impact of the **grant funding opportunity** to determine
17 whether ~~or not~~ the federal **grant funding** opportunity should be



pursued.

(3) Compile and analyze data received from state agencies and local governments accepting federal funds, and periodically report on these data to the governor and, in an electronic format under IC 5-14-6, the general assembly.

(4) Maintain an information system on programs paid for with federal funds.

SECTION 3. IC 4-3-24-5, AS ADDED BY P.L.213-2015, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 5. A state agency may not participate in a federal ~~grant~~ **funding** opportunity unless the state agency has received approval to do so from the office.

SECTION 4. IC 4-3-24-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 5.5. A state agency that receives federal funds, anticipates receipt of federal funds, or administers a program supported by federal funds shall provide a report to the office on the use of the federal funds and include the report as part of the state agency's annual budget request to the budget agency. The report must at least do the following:**

(1) Delineate the federal funds received for the preceding state fiscal year.

(2) Delineate by program the federal funds to be used by the state agency for the current and upcoming state fiscal years.

(3) Describe by program how a loss of federal funds would impact the continuity or delivery of services for the program.

(4) Identify any obligations, agreements, joint exercise of powers agreements, maintenance of effort agreements, or memoranda of understanding that may be impacted by federal or state decisions regarding federal funds.

(5) Set forth for each program the percentage of the total appropriation for the program that constitutes federal funds for the preceding, current, and upcoming state fiscal years.

The report must cover all federal funds appropriated by the general assembly, federal funds continuously appropriated, and any program supported by federal funds.

SECTION 5. IC 4-3-24-6, AS ADDED BY P.L.213-2015, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 6. (a) A state agency that receives federal funds must develop, in coordination with the office, a ~~block grant~~ **federal funding** contingency plan that does at least the following:

(1) Evaluates whether and how Indiana could use federal funds



more effectively without federal constraints, including an evaluation of opportunities for interagency collaboration.

(2) Identifies specific action items that are significant in solving issues caused by federal mandates and regulations.

(3) Describes how a loss of federal funds would impact the continuity or delivery of services for each program administered by the state agency, including specific action items that would be significant in solving issues that would be caused by the loss of federal funds.

(b) A state agency subject to subsection (a) must:

(1) submit a **block grant federal funding** contingency plan to the office before November 1, ~~2015~~, **2017**, and before November 1 of each odd-numbered year thereafter; and

(2) update the **block grant federal funding** contingency plan regularly and provide any updates to the office.

SECTION 6. IC 4-3-24-7, AS ADDED BY P.L.213-2015, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 7. (a) The office shall before January 1 of each year publish an annual report that includes the following:

(1) A state **block grant federal funding** contingency plan that incorporates each state agency's **block grant federal funding** contingency plan and related findings by the office. The state **block grant federal funding** contingency plan must include options, **by program**, for coordination among state agencies to address issues caused by federal mandates and regulations **or the loss of federal funding**.

(2) A study of the current impact and projected future impact of federal mandates and regulations on Indiana.

The study shall be prepared by studying the data, surveying businesses, and speaking with citizens of Indiana.

(b) The office shall submit the annual report and any other published reports of the office and any findings of the office to the governor, to the members of the United States Congress representing Indiana, and (in an electronic format under IC 5-14-6) to the legislative council.

SECTION 7. IC 4-3-24-8, AS ADDED BY P.L.213-2015, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 8. In accordance with federal law, the office shall serve as the state's single point of contact to review and coordinate proposed federal **financial funding** assistance and direct federal development.

SECTION 8. IC 4-12-1-9, AS AMENDED BY P.L.213-2015,



SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 9. (a) The budget agency shall assist the budget committee in the preparation of the budget report and the budget bill, using the recommendations and estimates prepared by the budget agency and the information obtained through investigation and presented at hearings. The budget committee shall consider the data, information, recommendations and estimates before it and, to the extent that there is agreement on items, matters and amounts between the budget agency and a majority of the members of the budget committee, the committee shall organize and assemble a budget report and a budget bill or budget bills. In the event the budget agency and a majority of the members of the budget committee shall differ upon any item, matter, or amount to be included in such report and bills, the recommendation of the budget agency shall be included in the budget bill or bills, and the particular item, matter or amount, and the extent of and reasons for the differences between the budget agency and the budget committee shall be stated fully in the budget report. The budget committee shall submit the budget report and the budget bill or bills to the governor before:

(1) the second Monday of January in the year immediately following the calendar year in which the budget report and budget bill or bills are prepared, if the budget report and budget bill or bills are prepared in a calendar year other than a calendar year in which a gubernatorial election is held; or

(2) the third Monday of January, if the budget report and budget bill or bills are prepared in the same calendar year in which a gubernatorial election is held.

The governor shall deliver to the house members of the budget committee such bill or bills for introduction into the house of representatives.

(b) Whenever during the period beginning thirty (30) days prior to a regular session of the general assembly the budget report and budget bill or bills have been completed and printed and are available for distribution, upon the request of a member of the general assembly an informal distribution of one (1) copy of each such document shall be made by the budget committee to such members. During business hours, and as may be otherwise required during sessions of the general assembly, the budget agency shall make available to the members of the general assembly so much as they shall require of its accumulated staff information, analyses and reports concerning the fiscal affairs of the state and the current budget report and budget bill or bills.

(c) The budget report shall include at least the following parts:



(1) A statement of budget policy, including but not limited to recommendations with reference to the fiscal policy of the state for the coming budget period, and describing the important features of the budget.

(2) A general budget summary setting forth the aggregate figures of the budget to show the total proposed expenditures and the total anticipated income, and the surplus or deficit.

(3) The detailed data on actual receipts and expenditures for the previous fiscal year or two (2) fiscal years depending upon the length of the budget period for which the budget bill or bills is proposed, the estimated receipts and expenditures for the current year, and for the ensuing budget period, and the anticipated balances at the end of the current fiscal year and the ensuing budget period. Such data shall be supplemented with necessary explanatory schedules and statements, including a statement of any differences between the recommendations of the budget agency and of the budget committee.

(4) A description of the capital improvement program for the state and an explanation of its relation to the budget.

(5) The budget bills.

(6) A list of tax expenditures for individual income tax and corporate income tax under IC 6-3.1 for the previous fiscal year, the current fiscal year, and the ensuing budget period.

(7) A separate part of the report shall disclose any known future reductions or eliminations of federal funds for a program that are reported to the budget agency under IC 4-3-24-5.5 and describe the budget agency's plan for the state agency to operate the program if there is a reduction of ten percent (10%) or more in the federal funds that the state agency receives for the program.

(d) The budget report shall cover and include all special and dedicated revenue funds as well as the general revenue fund and shall include the estimated amounts of federal aids, for whatever purpose provided, together with estimated expenditures therefrom.

(e) The budget agency shall furnish the governor with any further information required concerning the budget, and upon request shall attend hearings of committees of the general assembly on the budget bills.

